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SECURITY

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Dallas, Texas

T.M.

THE MAGA[illegible]OR SECURITY DECISION MAKERS

Protecting Our Older Americans

The Trouble With Ethics

Training Your Officers Better

Equipment Focus: Dual Technology Sensors

Robert Chubin
Security and Communications Manager
Westminster-Canterbury House

SECURITY T.M.

THE MAGAZINE FOR SECURITY DECISION MAKERS

A CAHNERS PUBLICATION/VOLUME 27, NUMBER 5/MAY 1990

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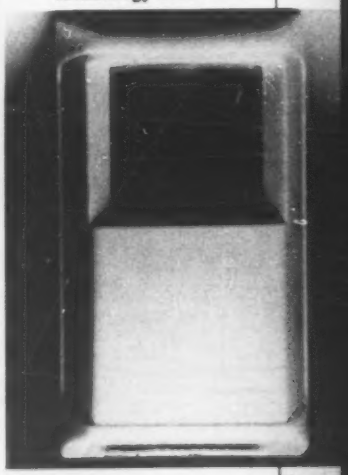

Dual technology sensors reduce false alarms. (p. 58)

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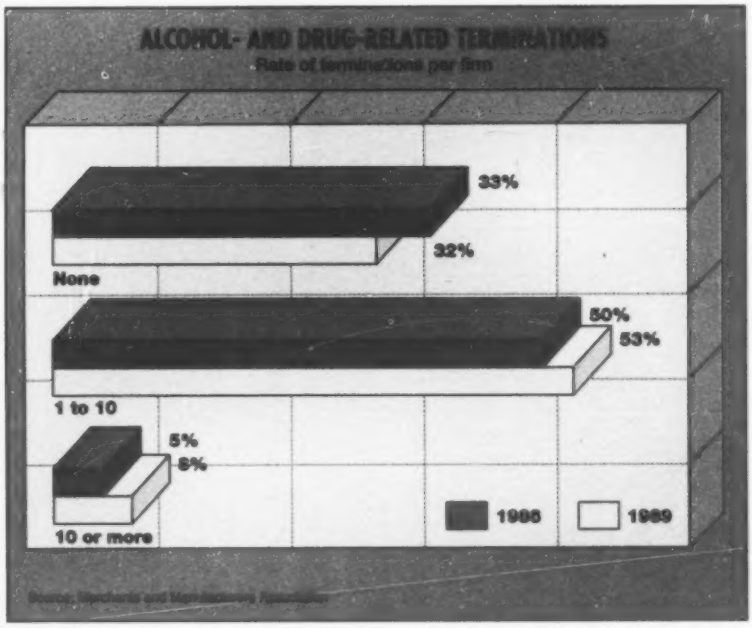
SECURITY INDICATORS

Trends and forecasts for determining loss prevention needs.



The number of alcohol- and drug-related terminations remained relatively stable between 1986 and 1989. Rehabilitation programs played a part.

DRUG TESTING

Drug-Related Terminations Stable

The number of alcohol- and drug-related workplace terminations is holding steady into the 1990s, says a recent Merchants and Manufacturers Association study.

Of 733 responding California firms, 53 percent fired between one and 10 employees because of drug use in 1989. Eighty-three percent of firms confirm positive results with a second test. Three years earlier, half of responding firms fired one to 10 employees who tested positive for drugs.

Fewer employers conducted pre-employment drug testing in 1989 — 77 percent as opposed to 84 percent in 1986. Despite the decline in testing, terminations remained relatively stable.

Jack Williams, senior staff consultant, Merchants and Manufacturers Association, tells SECURITY the drug problem is still severe, but applicants and employers are growing wiser.

"Applicants stay away from drugs before interviews because they know employers are testing. Accidents are an issue, too. As employers become more safety-conscious, they more frequently test for drugs following safety infractions. If the employee tests positive, he is not immediately fired — rehabilitation is offered," he says.

Williams cites California State Labor Code Sections 1025 to 1028, which provide employees with a one-time rehabilitation opportunity following a positive drug test. He says that as more states adopt labor codes similar to California's, drug-related terminations may be reduced.

In 1989, just 3 percent of companies that conducted pre-employment drug testing considered hiring applicants who refused to take the test. In 1986, only 5 percent would consider such an applicant.

COMMUNICATIONS

Cellular Gains Momentum

Despite popularity among security personnel, two-way radios are now challenged by a newer communications medium: the cellular telephone.

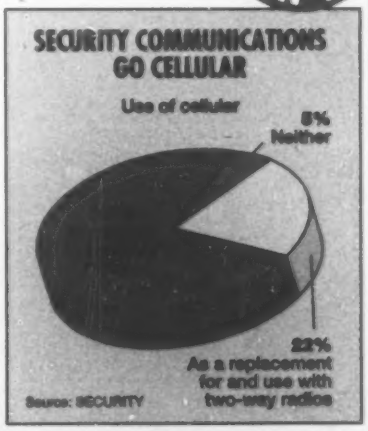
According to SECURITY's First Quarterly Telephone Survey, 60 percent of respondents say their security department uses cellular telephones. Among respondents, 73 percent use cellular phones as a replacement for two-way radios and 22 percent use them both as replacements and as an additional communications vehicle.

Two-way radios continue to dominate the way security communicates: 95 percent of security departments use them. All respondents in retail and financial security use two-way radios.

Despite cellular's popularity, the number of two-way radio users may hold steady if cellular buyers continue to use the phones along with two-way radios.

Of respondents, an average 33 percent plan to purchase cellular telephones in the next year. Industrial security departments are most likely to buy them. Financial security, the current cellular leader, plans the least cellular purchases.

DATA SECURITY BANK



Most cellular telephone users continue to employ two-way radio systems.

EMPLOYEE THEFT

Supermarket Employees Admit to Infractions

Arguing with co-workers, supervisors and customers is the most common supermarket employee security problem, says the London House Survey of Employee Theft in the Supermarket Industry.

Among acts committed against company policy, supermarket employees admit to arguments more than they admit to stealing food.

The study surveyed 234 randomly selected supermarket employees whose responses were anonymous. Admissions to theft factors break down as follows: 43 percent admit to cash or property theft; 39 percent to theft support, using employee discount for friends and not reporting theft by others; 77 percent to time theft; and 75 percent admit to counterproductivity.

Nearly 20 percent of respondents admit to taking cash, merchandise or property valued from 50 cents to $50 per week. More than 10 percent admit to taking cash, merchandise or property valued at $2 per week. Based on these admissions, the total annual cost of employee theft for a store with 150 employees comes to at least $6,708.

Time theft is another common supermarket employee problem. Seventy percent say they arrive at work late and 17 percent have been absent with no legitimate excuse.

SUPERMARKET EMPLOYEE SECURITY PROBLEMS
Percentage of workers admitting to acts against company policy
Source: London House Inc.

Most counterproductive behavior among supermarket employees is attributed to arguments. Fewer employees admit to theft or theft support.

NEWS

Security Wrap Up: Inventory, Prisons, Schools, Credit Fraud

▶ The National Retail Merchants Association reports that **inventory shortage** held steady in department stores in 1988 at 1.94 percent of retail sales, compared to the 1987 level of 1.92 percent of sales. Shortage in specialty stores showed a sharp decline in 1988 to 1.67 percent of retail sales from 2.2 percent in 1987.

▶ United States corrections systems will spend over $6.7 billion on **new prison construction** before the end of 1990. This money will add more than 128,000 new beds at an average cost of $52,000 per bed, up 28½ percent from $42,000 per bed in 1988.

▶ Nearly 3 million attempted or completed street crimes — assault, rape, robbery or theft — took place inside **schools** or on school property during 1987.

▶ The New York State Legislature has passed a law that makes it illegal for merchants to insist upon writing **credit card numbers** on customers' checks. It's possible that the credit card number might be "stolen" by a dishonest individual as it passes through the many hands of the banking system.

▶ To combat **credit fraud**, a credit authorization system with photo validation and signature verification has been developed by Sacody Technologies, Bronx, N.Y. The system can accept any number of credit cards.

COMMUNITY CONCERNS

Municipal Officials Cite Environment as Chief Problem

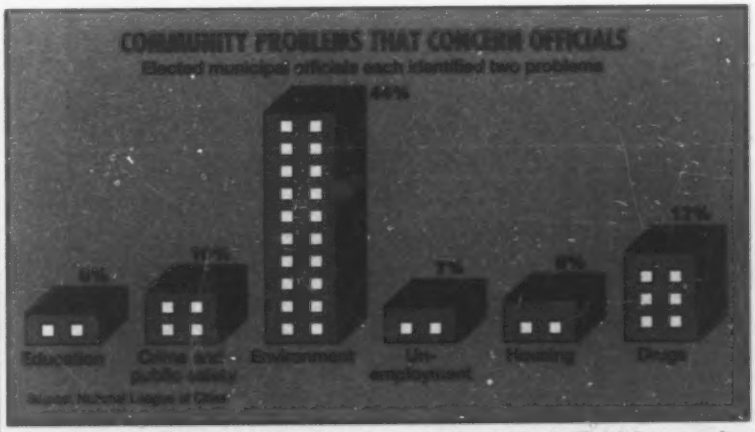
Solid waste and other environmental issues grab the spotlight as the biggest problems facing communities, according to a National League of Cities Survey. The study polled 314 elected municipal officials representing cities with populations of at least 10,000.

When asked to name the two biggest problems facing communities, 44 percent of respondents mentioned the environment. Crime and public safety also rank high. Drugs rank fifth at 17 percent. Crime and public safety registered eighth on the list.

Officials say the drug problem — more than any other condition — is changing for the worse: 58 percent say it has worsened, 37 percent say crime has intensified and 19 percent say poverty has become more widespread.

If given the opportunity to meet with President Bush on any topic, nearly one in five officials says he would focus on drugs.

When asked about how their states respond to municipal issues, 47 percent of officials describe relations as fair; 22 percent say they are poor. Another 28 percent say their state relations are good, and 3 percent say they are excellent.



Solid waste and other environmental problems lead municipal officials' community concerns. Crime and public safety rank behind drugs on the problem list.

Security Talks Ethics, Business Listens

Security's emerging role in business ethics policy extends beyond investigation.

By Rebecca D. Russell
Senior Editor

James Kelly didn't hesitate. On a sweltering August day, at a nuclear reactor construction site on the Texas-Mexico border, he received a telephone call from a Congressional investigator. He was summoned to testify.

"At that moment, I made a decision and plans, knowing I would have to leave the Nuclear Regulatory Commission. I knew there would be retribution. I could see what would happen. It was like looking through a crystal ball without a cloud," he says.

Kelly and others like him hold top security posts. Yet in the course of security work they get caught up in the hazy-focus arena of ethics. These security decision makers faced the ethics challenge head-on — and saw what America's fuzzy business ethics can wreak.

Some organizations continue to ignore the need for this business tenet. However, the nation's burgeoning ethics wave prompts more companies to implement programs. In one recent survey, 90 percent of 2,000 U.S. corporations had an ethics policy.

As ethics policies become more widespread, security's role increases in importance. From establishing policy to investigation, security has a leadership position.

Fueling Ethics Inspection

Kelly recently set up shop as a security consultant after 10 years as chief of security and senior inspector for the U.S. Nuclear Regulatory Commission, Arlington, Texas.

A former assistant director of the International Association of Chiefs of Police, Kelly arrived at the NRC in 1979, where he found drug and alcohol abuse problems that created delays and flaws. Yet efforts to convince management of the need for pre-employment screening proved futile.

In the course of his security work, Kelly built cases against workers based on substance abuse. As a result, employees were arrested and taken off worksites — slowing construction and creating friction with upper management. Eventually, a Congressional committee investigating the NRC learned of the internal conflict.

When the precipitous phone call came, Kelly says he made his ethical choice. "I had to ask myself, 'Do I shoulder this alone or do I talk about the policy problems and issues?' "

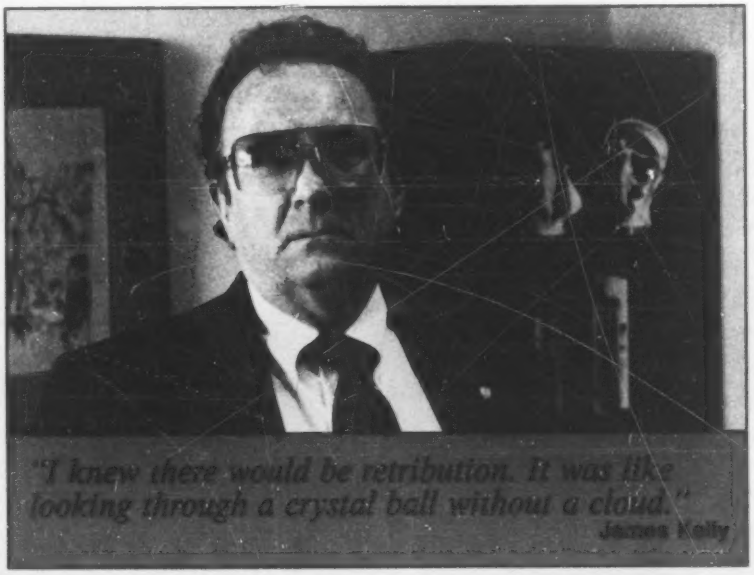
He talked. In two years of Congressional proceedings, previously thrown out or ignored cases were re-examined. Ultimately, the NRC's guidelines for a drug-free workplace addressed the issues Kelly's testimony pointed out.

While Kelly cooperated with federal authorities, NRC internal affairs began building a conflict of interest case against him. An NRC investigator found no evidence of conflict. However, that individual's superiors changed the investigator's report and attempted prosecution. Eventually, the investigator testified as to the results reported, clearing Kelly of the charge.

Security Actions Have Consequences

"I won the war and lost the battle," Kelly now says. "I fought very hard within the system to make it work."

Like Kelly, Thomas Baker's security



"I knew there would be retribution. It was like looking through a crystal ball without a cloud."
James Kelly

work led him to an ethical choice. The consequence of his action is still playing itself out in the federal courts.

In 1984, amid myriad allegations of corruption, Gulf Power Co. brought Baker from a sister utility company, Mississippi Power, to handle an internal investigation.

"They knew I was going to do a good job investigating," says Baker, CPP, who was hired as corporate manager of security for the Pensacola, Fla.-based Gulf Power.

Investigate he did. When the company's troubles became the subject of a federal investigation, Baker cooperated under subpoena. Individuals within the organization wanted to fire Baker; instead, the company reorganized — demoting Baker and decentralizing security.

That action prompted Baker to share the results of his investigation — 37 handwritten pages — plus the story of his demotion with the company's board of directors. Another internal investigation ensued and the board recommended action.

Federal action against Gulf continues; in 1989 the company paid a $500,000 fine for illegal political contributions. Baker's demotion was recently the subject of a federal grand jury investigation.

"The company never told me not to tell the truth," he says.

Today, in the decentralized security department, Baker is the company's resident investigator, a position he used to oversee. The Auburn University graduate and MBA candidate spends most of his time working on current diversion programs and supervising security guards.

Ethics Policy: Job Protection?

These real life ethics dramas illustrate what can happen when security decision makers work without the protection of an ethics policy.

In fact, a written workplace ethics policy is a relative newcomer in the corporate world. Watergate and other early-1970s scandals sparked the initial policies; today's business and political scandals keep the issue in the headlines.

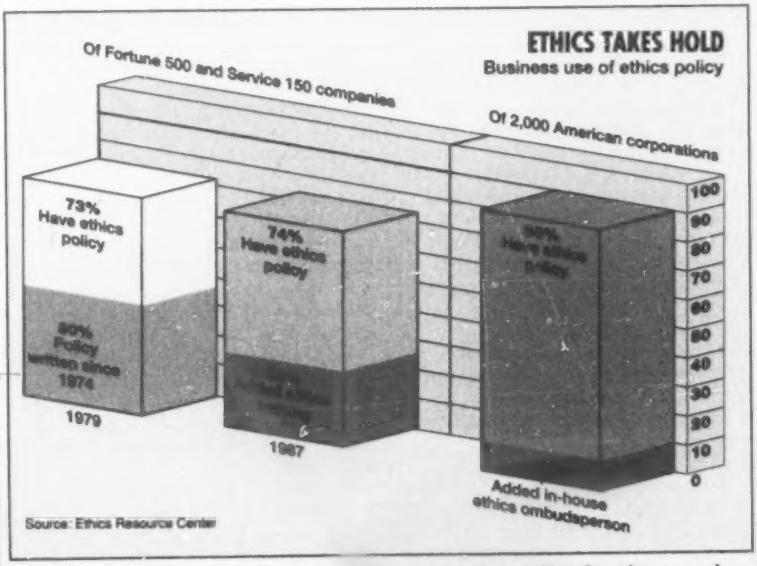
Interest has grown steadily. Gary Edwards, executive director of the Ethics Resource Center, says the Washington, D.C.-based organization polled Fortune 500 and Service 150 companies in 1979. That year 73 percent had a written code of ethics — half written in the previous five years.

By 1984, more companies had ethics codes. Significantly, Edwards says, more than one-third added training.

It's important that business recognizes differences in ethics interpretation and the need to define its stance.

"You can't hold people accountable for actions unless they know what is permissable. They must know the rules," says Jim Royer, director of corporate security, FMC Corp., Chicago.

Before FMC introduced its ethics policy, Royer says, "A lot of employees didn't know what senior management



Ethics continues to see greater acceptance as a workplace policy. Its advent requires business to address ethics-specific procedures and training.

From Establishing Policy to Investigation, Security Plays a Leading Role

stood for on ethics. Employees need to see it spelled out. They need to know what the company stands for, how they want employees to conduct business. They need to see that there must be accountability."

Nature of the Work

For most people, ethics is not an everyday issue. Yet the nature of security work forces the issue.

"Ethics is what we're about," says Baker. "As professionals we have to be ethical or be ineffective."

Security decision makers walk a thin line because of their often intimate knowledge of other departments' goings-on. When questioned about an investigation and compelled to cooperate, security employees — and all employees — need to know how management will receive their actions.

That knowledge can create a Catch-22. Says Baker, "Security is hired to be involved with critical information and fact-finding. Once you have that power, you become attractive to government investigators if your company becomes involved in an investigation."

Ethics policy is taking root. In an exclusive SECURITY national telephone survey, 86 percent of responding decision makers say their organizations distribute an ethics policy. And 70 percent say they are in some way involved in enforcing that policy.

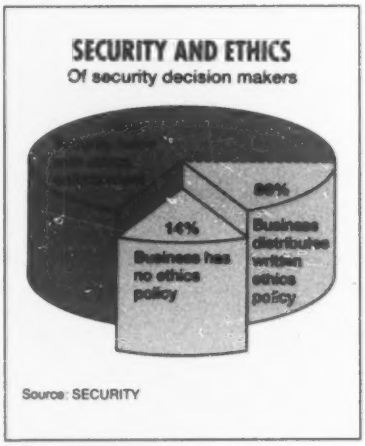
From industry to industry, an emerging common denominator is an ethics committee. This committee is tasked to oversee policy, hearing employee reports of ethics violations and answering questions.

An ethics ombudsperson is also growing in use. This individual — most often an employee who works in conjunction with the ethics committee — hears employee concerns. If unable to answer, this person directs questions to the ethics committee.

Security at the Helm

Security has convinced management of the need for ethics policy.

At BPAmerica, security spearheaded the ethics effort amidst organizational changes. Building coalitions was the first step, says Don Duckworth, former director of corporate security who helped launch the program.



Ethics catches on: Where policy exists, security is in some way involved in enforcement.

"While security may not head up an ethics project, security can provide good input, drawing on investigative abilities," says Duckworth, now vice president of human resources and administration.

Employees receive a policy statement and employee handbook. Initial orientation included videos and small group meetings to explain the conflict resolution process.

Jim Royer spent two years convincing FMC Corp. management of the need for a policy. Once drafted, legal and human resources helped security solidify the program. In 1986, the company-wide policy went into effect.

Today, every employee sees the ethics statement and receives a manual. Managers and executives sign off on the document, agreeing to abide by it. A toll free, incentive free Ethics Line receives tips of unethical behavior.

FMC's Ethics Oversight Committee's members are not company employees and report to the board of directors. After hearing ethics concerns, the committee directs criminal issues to security.

"Is security the ethical conscience of a company? I don't think so. We enforce the decisions of other people," Royer says.

Security reports to the EOC at a predetermined point. Investigations are

Proven Effective: Ethics Resource Center

The Ethics Resource Center in Washington, D.C., helps businesses implement workplace ethics policy.

The private, nonprofit educational organization offers learning materials to businesses and schools. From workshops to research studies and national conferences, the Center helps organizations define and communicate ethical standards to employees.

More than 500 companies use the Center's 30 videotapes. Available for rent or purchase, tape topics cover general business conduct and industry-specific issues.

Surveys track national ethics interest and can provide insight into business needs. The Center also co-sponsors conferences at universities to increase management awareness of the ethical dimensions of business conduct and to solidify organizational standards.

Through its work with school children, the Center urges early ethics education. The "Ethics for Life" series of videos helps teachers develop values in students, beginning at 4 years of age.

For more information, contact the Ethics Resource Center, 600 New Hampshire Ave., NW, Suite 400, Washington, D.C. 20037; phone (202) 333-3419.

A video, "Conflicts of Interest in the Workplace," helps businesses tell employees about ethics policy.

never terminated, Royer says. "Once we start, we play it to the end. We present the facts to senior management. They decide what to do with it."

Unethical Behavior Hits Home

With an ethics policy in place, one security department can attest to its usefulness. It became instrumental when unethical behavior hit home —in the security department.

John S. Martinicky, now manager of corporate security for Navistar International Transportation Corp., was a newcomer to the company's security staff in 1986. Shortly after arriving, he and other staff members suspected the department head of embezzling funds through security operations.

Thanks to the company's well-defined policies, the staff knew what to do. They followed the company's guidelines: Bring information to senior management and work with them to draw up a plan of attack. Then an investigative review committee — with representatives from legal, audit and the controller's office — decides the direction the case should take.

Security staff members, auditors and internal investigators gathered evidence in cooperation with local law enforcement and the company's general counsel. The former security manager confessed to fraud and embezzlement and was convicted of criminal and civil charges. Sentencing included jail time and restitution.

Martinicky stepped in to rebuild the department's reputation. "We set up programs that provided a new direction for the department to add credibility," he says.

"This case was the inability of one person to maintain a level of trust," Martinicky says. "It took a lot of support from senior management to rebuild trust and confidence in our efforts."

An established and publicized ethics plan made that positive interaction possible. Security knew where it stood with management.

Clearly, ethics policy has a place in business. Security's importance is recognized as well.

"Security's role is increasing in importance as security becomes more recognized," Edwards says.

That earned recognition places security in a position to ignite positive change. □

"It took a lot of support from senior management to rebuild trust and confidence in our efforts."
John Martinicky

Industry Standards Provide Enforcement

Security industry association participants do have recourse when ethics issues arise.

The American Society for Industrial Security (ASIS) adopted a six-point code of ethics for its members to follow in the course of their security work. It "mandates its conscientous observance as a binding condition of membership in or affiliation with the Society."

Current ASIS Chairman of the Board Brian Hollstein says, "A large percent of this industry's members have been through other lives before they came to security. There's a certain amount of weeding out of bad hats, the people that are unable to hue to an organization's requirements." Hollstein is corporate security manager, Xerox Corp., Stamford, Conn.

If a member has an ethical question or allegation, it first goes to ASIS headquarters, says Jim Jessee, chairman of the Ethical Standards committee. The executive vice president refers allegations to the committee, which then investigates.

"It's becoming more of a concern," says Jessee, director of corporate security at Procter & Gamble Co., Cincinnati. Penalty for unethical behavior is censure, suspension or expulsion, he says.

To better guage industry interest in ethics, ASIS will include an ethics session at this year's convention, Jessee says.

Independent industry associations also adopt codes of ethics. The International Association of Professional Security Consultants' code covers professional standards, including forensics; violation leads to formal reprimand or suspension.

Dan Bunch, chairman of the National Council of Investigation and Security Services (NCISS), says ethics is a "membership criteria."

Members must adhere to different licensing requirements for each state. Therefore, Bunch says making an ethics rule applicable to 50 different states is impossible.

"We try to control ethics via the state licensure procedure," he says. "When we approve new members, they must show proof of licensure from their state."

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JUNE 1990

SECURITY

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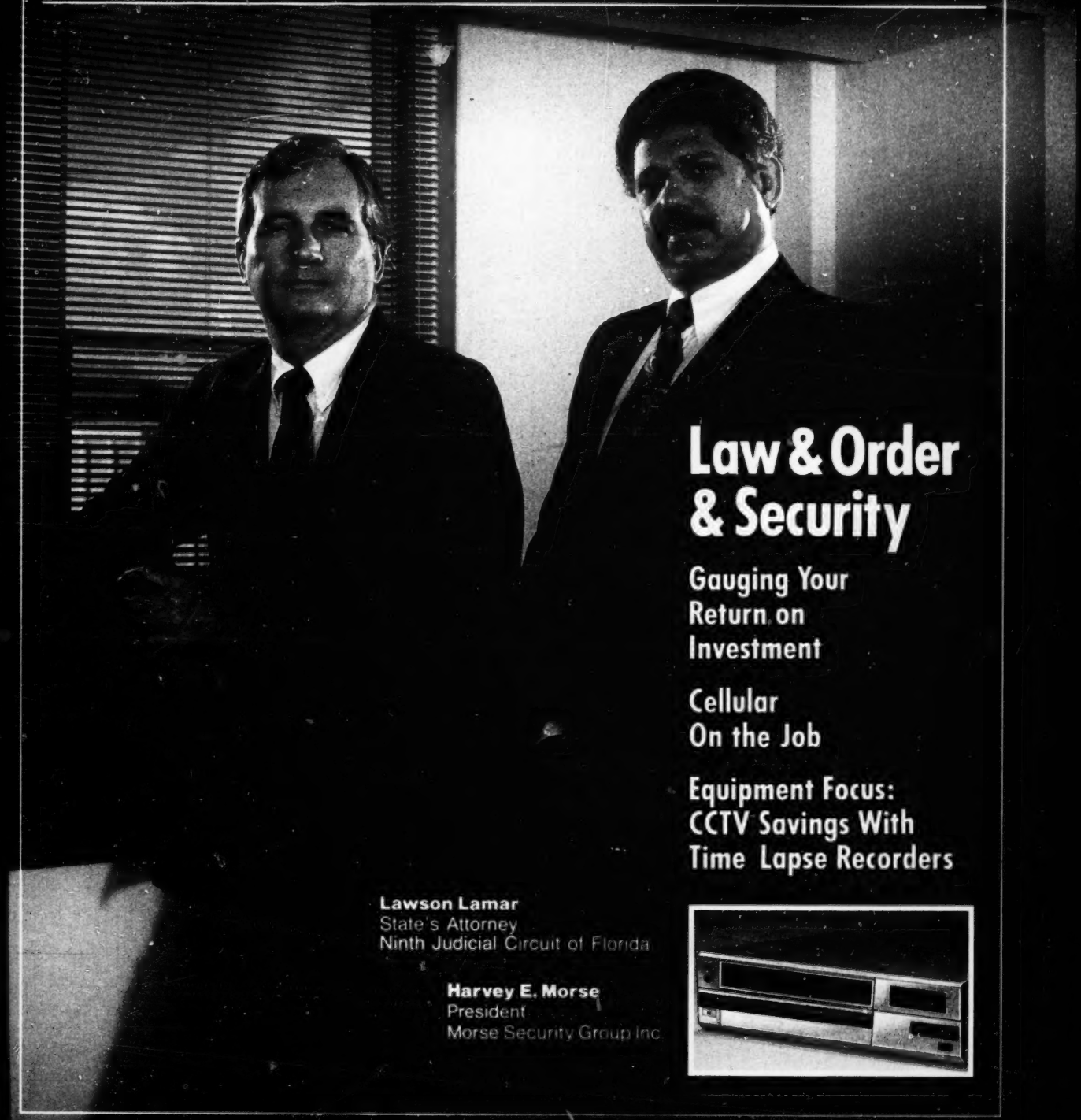

Law & Order & Security

Gauging Your Return on Investment

Cellular On the Job

Equipment Focus: CCTV Savings With Time Lapse Recorders

Lawson Lamar
State's Attorney
Ninth Judicial Circuit of Florida

Harvey E. Morse
President
Morse Security Group Inc

SECURITY T.M.

THE MAGAZINE FOR SECURITY DECISION MAKERS

A CAHNERS PUBLICATION/VOLUME 27, NUMBER 6/JUNE 1990

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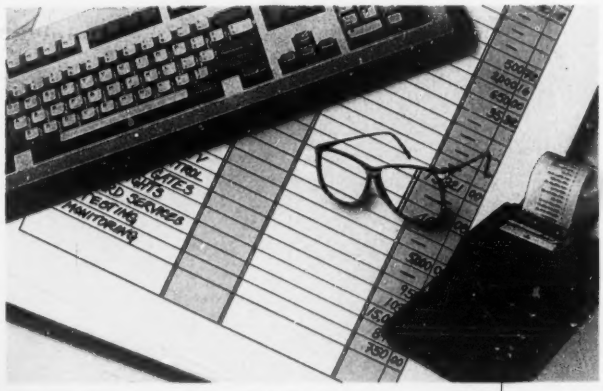

Senior managers and security decision makers look beyond dollar and cents to determine security's bottom line return. (p. 42)

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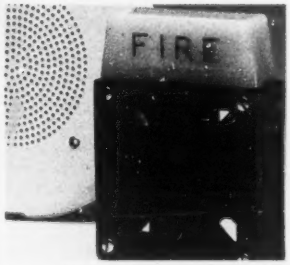

Fire alarms are one of the more than 50 products covered this month. (p. 78)

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SECURITY INDICATORS

Trends and forecasts for determining loss prevention needs.

SALARIES

Security Salaries: Experienced, Degreed Decision Makers Reap Highest Reward

Location, employer, company size, experience and education — these factors determine how much security decision makers earn in a year.

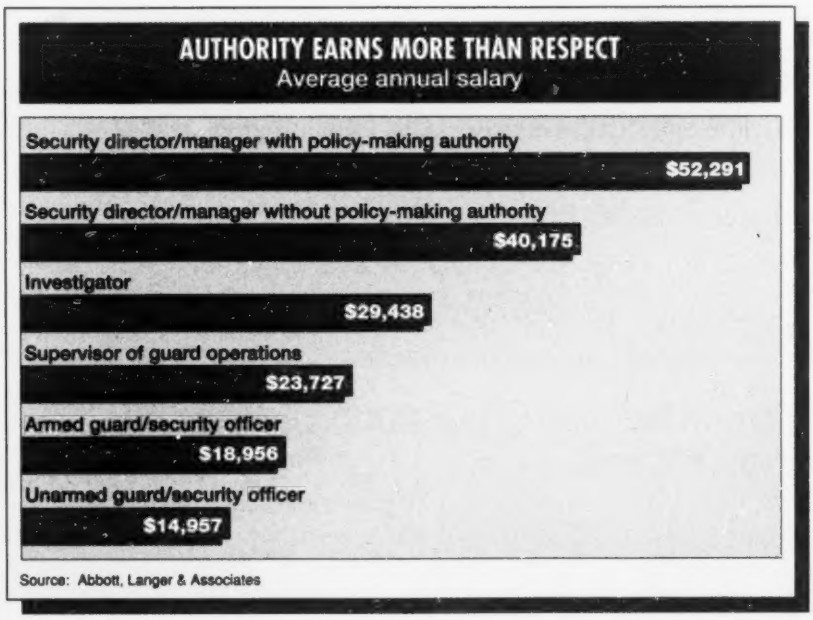
The sixth annual security/loss prevention survey by Abbott, Langer & Associates, Crete, Ill., finds that average yearly salaries for jobs ranging from security director to security officer vary by nearly $40,000.

Survey results show that security directors and managers with the highest annual incomes — earning in excess of $150,000 per year — are located in Los Angeles, New York City, Boston, San Francisco, the mountain states (excluding the Denver area) and Dallas/Fort Worth. The highest-paid security employees work for companies with 25,000 employees or more and have at least 25 years of experience, a graduate degree and the Certified Protection Professional (CPP) designation. Security directors and managers with policy-making authority who work for manufacturing organizations earn more than 17 percent more than their non-manufacturing counterparts.

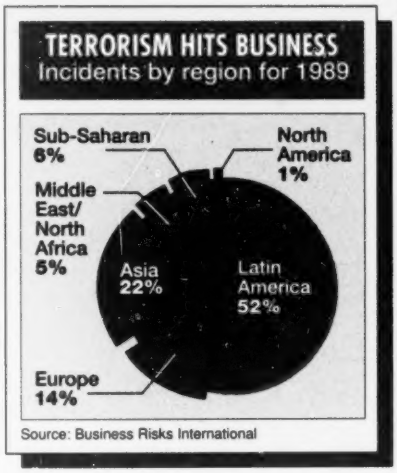
The average salary for security directors and managers with policy-making authority is $52,291, more than 9.6 percent higher than the average last year. The CPP designation is a ticket to at least 26 percent more money.

For security directors and managers without policy-making authority, the average income is more than 30 percent lower, $40,175. At the low end of the income spectrum, unarmed guard and security officer incomes average $14,957.

For policy-making security directors and managers with one or two years of experience, salaries average $31,693; for those with 25 or more years of experience it rises to $58,759.



Policy-making security directors fare best on the security pay scale. Salaries for security directors who don't set policy increased more than 12 percent in 1990.



Of 1,371 terrorist attacks against business, 717 were in Latin America.

TERRORISM

Business Provides Attractive Target for Terrorists

American businesses abroad are at risk for violent attack from terrorism and political instability, according to Business Risks International, Nashville, Tenn.

Terrorist incidents against business increased 12 percent in 1989, making business the leading target for terrorists — surpassing diplomatic, police, military and government properties and personnel — for the sixth straight year. Businesses worldwide experienced 1,371 terrorist incidents in 1989. Twenty-nine attacks — most in Latin America — were registered against American businesses.

Gene Mastrangelo, BRI's Risk Assessment Information Service manager, tells SECURITY, "Terrorists rarely act on inpulse. If they notice a security presence at Company A, they'll go on to Company B or an easier target rather than risk failure or capture. Sophisticated business security will intimidate most terrorists."

Mastrangelo says American high-tech or defense-related companies, banks and businesses that extract oil or minerals from their foreign locations are the most attractive terrorist targets.

SCHOOLS

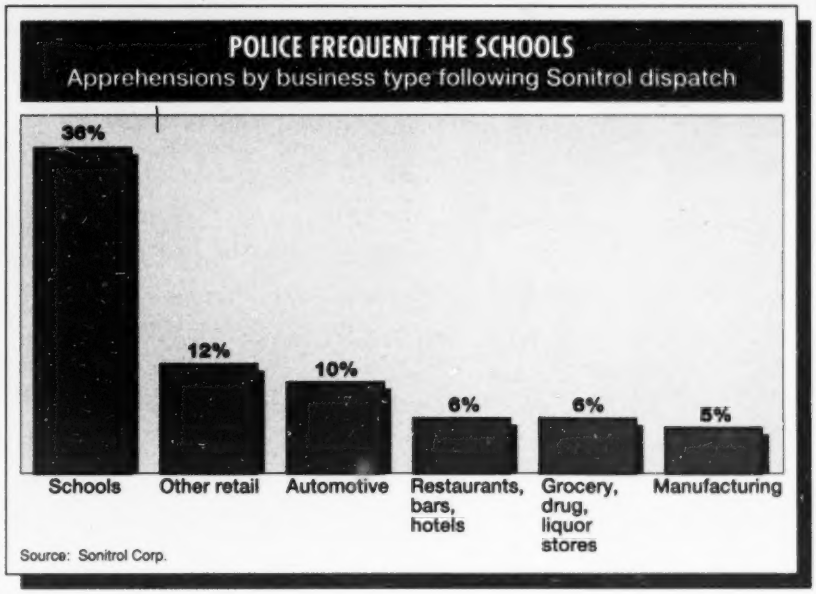
Schools: Leading Site for Theft, Vandalism Incidents

Theft and vandalism incidents account for an increasing percentage of police apprehensions, according to Sonitrol Corp., Orlando, Fla., a security product manufacturer and monitoring and dispatch service. Sonitrol links schools' growing inventory of the latest PC and audio-visual equipment to the increase in school crime.

Sonitrol's 1989 apprehension summary registers the most incidents — 36 percent — at schools. All other business types, including auto dealerships and supply stores and assorted retail establishments, rank far below in incident frequency.

Bruce Winner, manager of Sonitrol's Educational Security Program, says the high percentage of school incidents is noteworthy, considering that schools account for just 11 percent of the company's account base.

"As school typewriters are replaced by PCs, crime and theft at schools increase," Winner tells SECURITY. "Arson increases, too, because kids who break into the schools start fires to try to cover their tracks."



School incidents prompted the most police apprehensions following Sonitrol dispatches in 1989. New PCs and VCRs attract an increasing number of vandals.

Most of those apprehended at schools are minors, Winner says. Peer pressure plays a part; an average 2.13 people are apprehended per incident.

"School security is a growing issue, especially during new construction stages," Winner says. "Intrusion and fire detection are now built into new schools, and existing schools are installing intrusion detection."

Sonitrol estimates school vandalism losses at $1 billion annually.

GUN CONTROL

Gun Owners Favor Seven-Day Waiting Period for Buyers

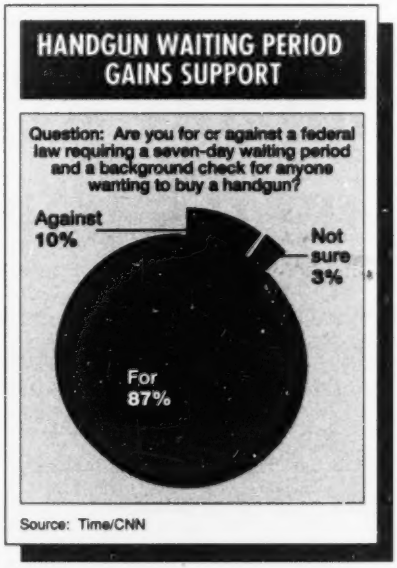
On April 24, 1990, a man killed one person and wounded four others when he opened fire in a shopping mall near Atlanta, Ga. Released from a local mental hospital a day earlier, the gunman purchased the weapon at a pawn shop that same day.

Are more restrictive handgun laws the solution to such incidents? Handgun owners think so. Most support tougher handgun legislation, says a Time/Cable News Network survey of 605 firearms owners.

Seven in eight gun owners — 87 percent — favor a federal law which would require a seven-day waiting period and background check for potential handgun purchasers.

The dispute over waiting periods and background checks for prospective gun owners continues on national and state levels. Buyers are subject to waiting periods in some states depending on the type of gun sold. In addition, not all states run background checks during this interval.

The "point-of-sale system," which would allow gun dealers nationwide to check for convicted felons, is under criticism because of gaps in FBI and state recordkeeping of criminal convictions. The FBI's National Crime Information Center currently holds more than 20 million records on criminals and missing persons.


HANDGUN WAITING PERIOD GAINS SUPPORT
Question: Are you for or against a federal law requiring a seven-day waiting period and a background check for anyone wanting to buy a handgun?
Against 10%
Not sure 3%
For 87%
Source: Time/CNN

The majority of gun owners favor point-of-sale background checks.

NEWS

Security Wrap-Up: Cellular, Biometrics, Discharge Suits

▶ A growing number of drug dealers use mobile telephones and electronic pagers to keep their businesses running. Proposed legislation would give lawmakers the clout to discontinue mobile telephone and pager service for suspected drug dealers if a judge determines a cause for termination.

▶ Kansas City-based US Sprint Communications Co. says some customers will be able to place long-distance phone calls with their voices this summer. The new service will be targeted at business travelers and will allow the caller to use spoken words instead of dialed numbers. The voice-activated dialing service will be secured with a biometric verification of an initial password or phrase and will eliminate the need for a plastic calling card.

▶ Nearly 40 percent of wrongful discharge suits in 1989 resulted in cash settlements paid to fired employees. The settlements ranged from $10,000 to $100,000, excluding legal fees and disregarding the reason for firing. The fastest-growing cause for dismissal is substance abuse.

SECURITY COSTS AND THE... BOTTOM LINE

Return on investment extends beyond dollars and cents.

By Rebecca D. Russell
Senior Editor

Security operations now confront a threatening squeeze from downsizing, profit center doctrine and quick return thinking. To bolster senior management support, security decision makers have taken the offensive.

Always more than just a cost center, security — according to top practitioners and consultants — contributes to bottom line profitability.

Security is tangible. Traditionally viewed as locks, alarms and guards, security's tangible benefits keep people out, signal emergency response and send a security-conscious message.

Security is also intangible. Contemporary programs promote business gains in the form of employee comfort, customer satisfaction and even revenue generation.

Members of this nearly $40 billion industry are growing out of their law enforcement uniforms into business suits. Chief executives increasingly find security professionals adeptly joining security needs with bottom line goals.

Security's Changing Business Climate

A changing business climate finds security on course to protect assets — amid evolutions that trigger expanding possibility or diminishing opportunity.

Business climate affects security, say nearly three of four decision makers in SECURITY's annual Forecast study. Developments with the most positive influence in 1988 were mergers, acquisitions, facility expansion, employee pool growth and new product introductions. Negative developments include labor shortages, sales decline, layoffs, facility shutdown and asset divesture.

Generally, the effect of these developments on security operations is favorable. In a national survey of security decision makers, 59 percent say downsizing and reorganization do not adversely affect security's performance. When good things happen for business, good things happen for security. With more money to work with, growth is possible; program expansion and additions, equipment upgrades and additions, and staff increases result.

Security's growth and business operation increasingly relate to financial goals for both the company and security department. Sixty-nine percent compare costs with company financial goals. Use of a security department business plan is catching on; 44 percent say they use such a plan.

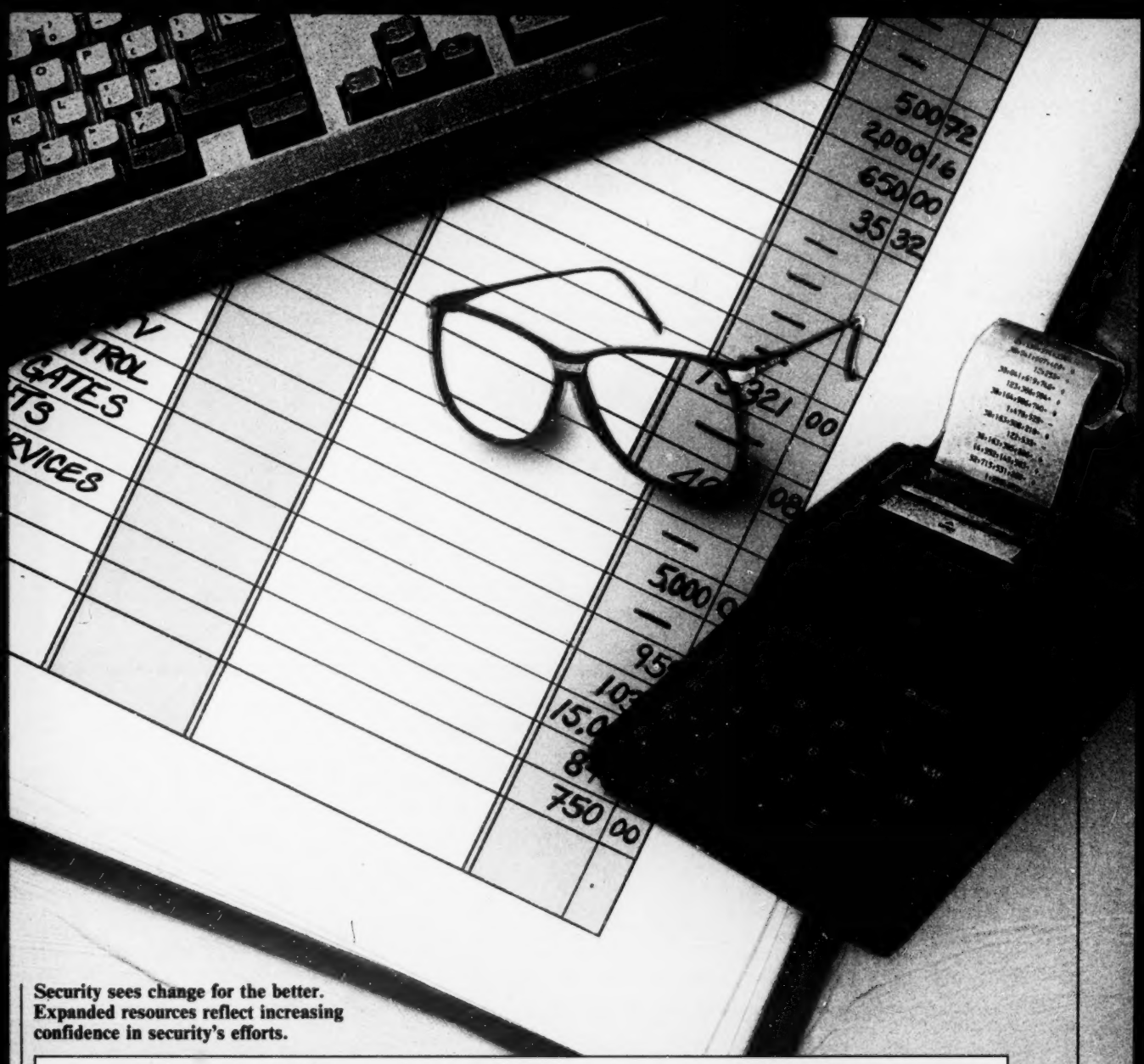
How do these factors translate to security's bottom line? When asked to identify assets returned or not lost for each $1 spent on security, two-thirds of respondents recovered or did not lose between 5 and 49 cents. And 20 percent say assets returned or not lost equal $1 or more.

Selling the Expenditure

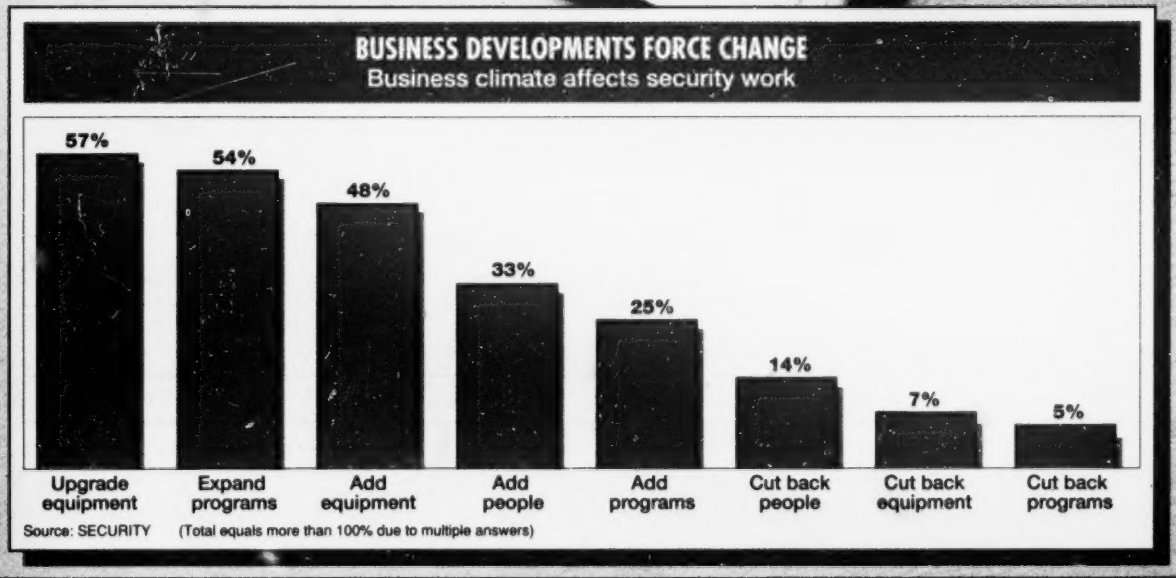
Just as it's tough to place a dollar value on security, pinpointing security payback is also tricky.

Doing business requires justifying expenditures. For security, that often translates to justifying existence.

Enlightened management recognizes



Security sees change for the better. Expanded resources reflect increasing confidence in security's efforts.



the need to continue security, even when it appears losses have been contained. Effective security controls losses, in turn creating the impression that a problem has been solved. A more important message is that security is doing its job — even more reason to maintain this important department.

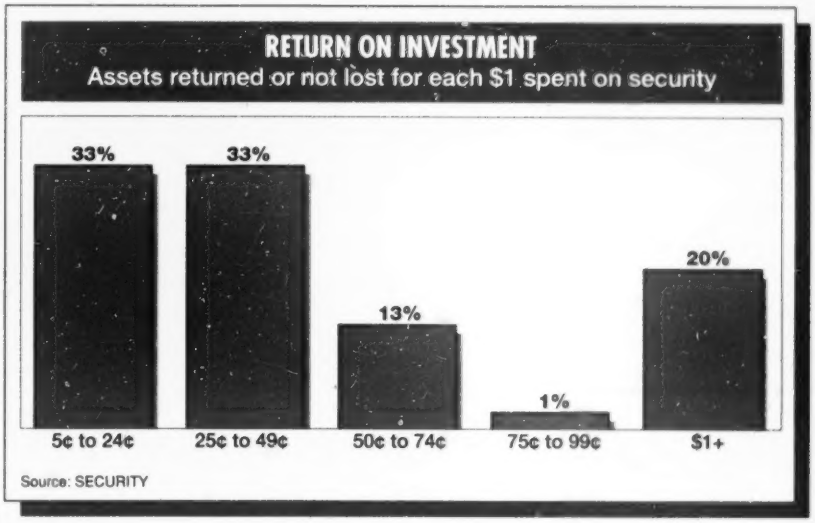
"That security is in the company presupposes that management realizes there are problems that need to be addressed — and that they are willing to make that cost expenditure," says Rick Lew, security director, Greyhound Corp., Phoenix, Ariz.

When tapped to prevent losses, it's tough to quantify assets not lost. "You can't put a dollar value on that which has not occurred," says David Berger, a Los Angeles-based consultant.

Taking action before something happens is the preferred approach — and a challenge. The problem-solution tack — threat analysis to security desision makers — forms the cornerstone of many security efforts.

Solving Problems

Security can identify the probability of a problem hitting home by looking at warning signs. By examining a problem within an organization, then comparing that with the neighborhood, similar organizations and national trends, security can show how systems and procedures beat the challenge, prevent losses and protect employees.



Gauging return on investment in dollars and cents can be tricky; various methods help security show its bottom line worth to the company.

"You have to be able to show management that there is a more serious problem than it appears on the surface," says consultant John Case, president, John D. Case & Associates, San Diego, Calif.

When seeking senior management support for a project, Greyhound's Lew takes the opportunity to educate management about security's abilities.

"Operating managers have different perceptions of security," he says. "They think of it in elemental terms such as guards and locks. They don't think of procedures, staffing and patrols. Tell them why you need it and the problems you are addressing."

His cost to benefit evaluation includes defining the problem and providing three solution scenarios, each with different costs. "This is the way

Department Overhaul Trims Budget, Increases Return

Problems: Antiquated and inoperable alarms, overstaffed security officer force.

Solutions: Decentralize security, automate and add equipment where possible, reduce officer staff and increase pay, add a central station.

Payback: $450,000 the first year.

After years of spending $1.2 million for guard-dominated services, Cosmair Inc., Clark, N.J., now budgets one-third that cost for security.

"It was as simple as dollars and cents," says Randy Timari, corporate security director for the subsidiary of Paris-based L'Oreal cosmetics.

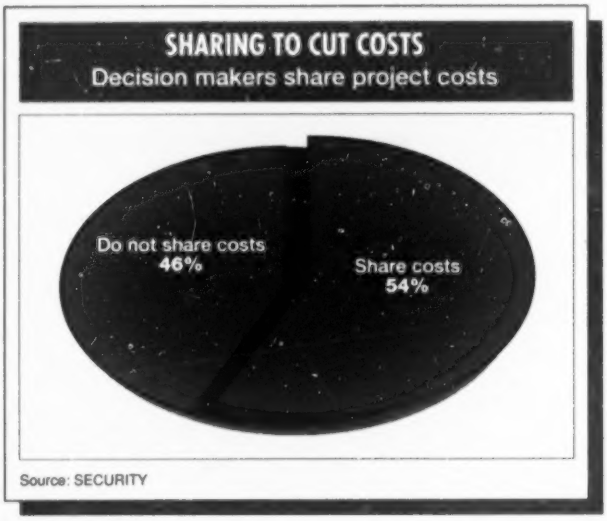
Timari cut security officer spending from more than $1.1 million to $400,000. After replacing and upgrading equipment, the company saved more than $450,000.

As part of a department overhaul, security added equipment, automation and a central station.

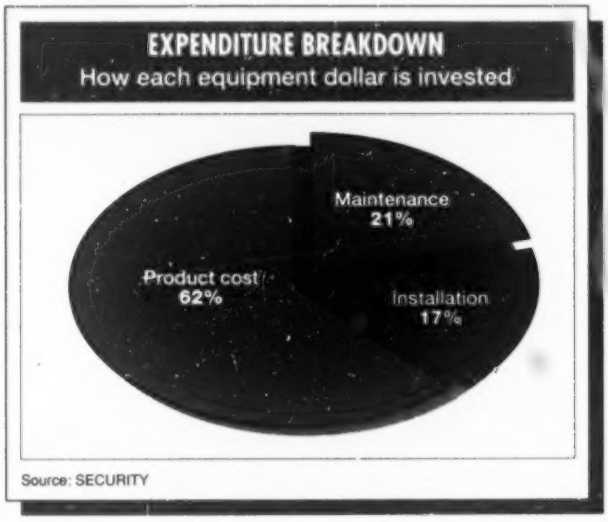
Decentralized management gives security time to investigate cases and design new services. Each site manager is better equipped to make decisions. And employees are more involved.

Timari says senior managers approved the security revamp; he then showed the return for each equipment change.

"We also discussed what to expect with the change," Timari says. "I expected some increase in petty theft. But we actually saw a decrease because management in each building feels more responsible for security in each area."



Of those sharing costs, 53 percent do so to reduce operating costs, 23 percent to consolidate departments.



Nearly 75 percent of security decision makers seek bids for higher priced equipment from an average of three sources.

you can have security," Lew tells management, "this is what it will take to stop this problem."

Providing, Sharing Solutions

After winning ideological and financial support, where does the money go? The bulk — and always rising — goes to personnel and overhead, tagged at 36 cents for every dollar spent in security for 1989. The second largest expenditure is for services at 27 cents. Maintenance and repair eats 16 cents of each dollar; replacements tally 9 cents. New equipment costs 12 cents.

For each dollar spent on new product purchases, 62 cents goes toward purchase cost, 17 cents to installation and 21 cents to maintenance.

For the important maintenance expenditure, 65 percent do factor it into cost proposals. Nearly three-fourths seek bids for higher priced equipment and services, contacting an average of three sources.

Being involved in project planning helps a business realize the full potential of equipment. That way it's easier to beat obsolescence or neglect.

Yet security does not absorb costs alone. Many projects overlap with other departments, from public relations to building maintenance, so security

Sharing Cost Delivers Payback

Problem: Ineffective communication with security departments and employees in various offices.

Solution: Security newsletter.

Payback: Awareness, reporting and communication.

"Secureview: Your Security Connection" puts Michigan Bell security in touch with more than 6,000 employees.

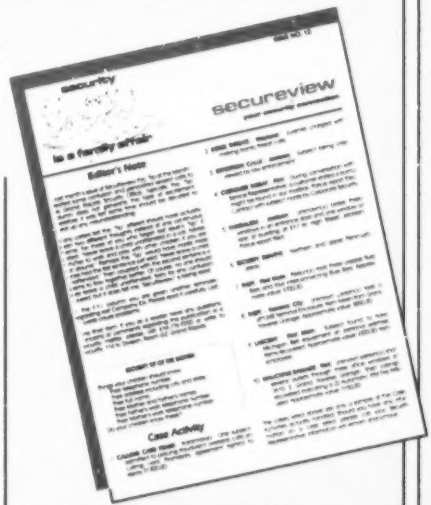
"When I came to this job from another department, I didn't know how much people within the company relied on us. I knew other employees were lacking the information too," says Terrence Mulvihill, corporate security director for Michigan Bell's outstate area (offices outside Detroit).

In addition to acquainting employees with what security does, the newsletters solicit referrals and feedback. An alert about prisoner fraud brought in tips from employees on stopping the trend.

It has also helped change the department's image. "People always thought if a security person was around, something was wrong," Mulvihill says.

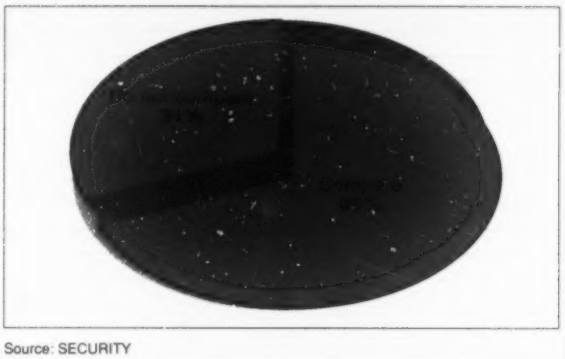
Each month's newsletter alerts offices to cases under investigation. Security tips, questions and answers, and an information column enhance employee knowledge of security.

Several departments share project cost. Mulvihill writes the newsletter; in-house graphics and printing departments produce each issue.



Newsletter delivers returns in awareness and communication.

COMPANY FINANCIAL GOALS
Comparing costs with company goals



Source: SECURITY

Security department bottom line vision is increasingly complemented by attention to the company's goals.

SECURITY'S BUSINESS GOALS
Managers using a long range business plan

Source: SECURITY

More security departments are using a business plan to help evaluate expenditures and returns.

shares responsibility for protection.

A majority, 54 percent, say they do share costs. Of those that share, 54 percent do so to reduce operating costs, 23 percent to consolidate departments.

Verifiable Returns

At Chrysler Corp., Detroit, each department contributes to security's costs, including security officers. An ongoing upgrade, adding turnstyles at manufacturing sites, reduces each department's assessment and improves security.

"We see tangible results," says Alex Tarnavsky, Chrysler security systems engineer.

The turnstyle/computer interface upgrade enables security, personnel and foremen to handle, more than ever, duties from tracking worker shortage and surplus to changing access status.

It's smart business to examine the costs associated with duplicated efforts, says Dennis Dalton, president, Dalton Affiliates Ltd., Freemont, Calif. It may reveal waste in spending that could be put to better use elsewhere.

Preventing loss is an ideal. Yet loss is a constant of business life that requires security action.

At Dow Jones' Princeton, N.J., facility, vandalism and theft of employee vehicles from the company parking lot put security on the offensive. With 800 employees on site each day, the company and security faced negative internal publicity. Security took the initiative and looked at the cost and return

Improved Perception Yields Customer Benefits

Problem: Remote parking creating negative sentiment among customers.

Solution: Care-A-Van, a shuttle bus service for patients and visitors.

Payback: Improved image of facility and its services.

In a departure from traditional security tasks, the security team at Floyd Memorial Hospital, New Albany, Ind., solved a growing image problem for the facility.

Construction pushed convenient parking out of the picture. Security, led by Bob Trinkle, security director, spearheaded development of a shuttle bus service. People surveyed expressed interest in such a service.

Trinkle proposed to staff the bus with high school students who would serve as drivers in exchange for a college work scholarship.

Proposed expenditures included the cost of buying a used bus, a complete maintenance schedule, statistics on mileage and gas use, plus a breakdown of costs associated with the scholarship.

Security shares the cost of the program with administration; security picks up 70 percent and administration 30 percent.

An efficiently executed shuttle bus service reaped public relations returns for Floyd Memorial Hospital.

for control gates. Installed two years ago, no cars have been vandalized or stolen since.

"The payback is employee comfort and satisfaction," says John Rosco, Dow Jones security manager. He calculated return on investment based on the average loss to employees; payback to the company will take 10 years, he says.

There are measurements of worth and a job well done beyond dollars and cents.

Russell Colling, director of security and transportation, Hospital Shared Services, Denver, says return in the form of intangibles can affect the bottom line. It can be quantified: When employees do not feel safe and secure in the workplace, job applications can fall — especially true in the labor-short hospital market, he says. Then the organization has to pay more to keep people, which affects business goals.

"It's a feeling and perception as much as reality," Colling says.

This translates to customer or patient satisfaction as well. Comfort, plus a feeling of safety, "are measurements that management can use to see return on investment."

Looking beyond short term paybacks has its own returns. Remembering the importance of security's long term efforts — in quantifiable returns and intangibles — reflects a realistic perspective of security's worth. □

Downsizing Forces Cutbacks, Re-Evaluation

Problem: Downsizing-imposed department spending cuts of more than $350,000.

Solutions: Revamp security officer tasks, re-evaluate some positions.

Payback: Continued quality service for less money.

SECURITY's annual Forecast study shows that program, equipment and staff cuts affected nearly 27 percent of decision makers last year.

Tim Clayton, plant protection and facility safety manager for seven AT&T Bell Laboratories locations in central New Jersey, faced that challenge in a big way when he had to cut back more than $350,000. He is responsible for large sites and a total employee/visitor population of 11,000.

Clayton first met with security team members — management and clerical staff, plus officer supervisors — to build understanding and support.

"Our highest priority was not to lose our valued officers through fear. We 'guaranteed' that no one would be laid off while downsizing," Clayton says.

Security cut its costs by $367,260 by eliminating officer posts at specified times, shifting those officers to other posts. In one office, security worked with managers there, who agreed to limit some

office hours. That enabled security to reposition one officer. At another site, security now shares a position, which eliminated one safety clerk.

In addition, guard tours were spread out when feasible. One of several parking lot officers also left with minimal impact, Clayton says.

Close work between the contract guard company and Clayton's forces enabled security to extend the contract by nine months and reduce total hours worked.

The department also spent money to save money. At one building, one officer watched an entrance and another took 20 minute tours. For a quick return on investment, security locked the door and installed a $4,000 door bell —saving $45,760.

"We are being flexible as we go along," Clayton says. "If we cut too deep, we will make adjustments. We will continue to lock at each new cost containment idea."

Civil Recovery: Time Well Spent

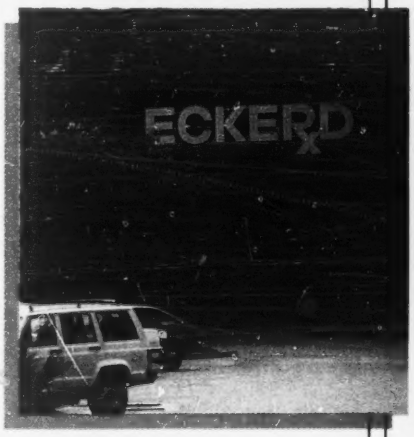
Problem: Managers spending too much time in shoplifter prosecution.

Solution: Civil recovery.

Payback: Five weeks on initial investment.

At Eckerd Drugs, improved shoplifter detection required more court time of store managers.

"The manager has a set amount of hours to operate a store. We can't afford 2 to 2½ hours with every case," says Mickey Carter, director of loss prevention for the Clearwater, Fla.-based chain.



At Eckerd Drugs, civil recovery helps managers spend less time on security, more on managing.

Civil recovery is the store's cost effective tactic. "We're in it to deter, to prevent shoplifting and to save the manager's time," he says.

Security created a job to oversee the company-wide program and invested in a personal computer. One management concern was adverse publicity and public reaction; awareness and explanation kept that problem away.

Payback in strict dollars and cents, Carter says, came in five weeks. And people take the store's policy seriously: There have been only six cases of recidivism in two years.